

Pasinex Announces Second Quarter 2021 Financial Results

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TORONTO, Aug. 26, 2021 - [Pasinex Resources Ltd.](#) (CSE: PSE) (FSE: PNX) (The "Company" or "Pasinex") today reports the Company's financial and operating results for the three and six months ended June 30, 2021.

Andrew Gottwald, Chief Financial Officer of Pasinex, commented, "The substantial volumes of groundwater encountered in the second quarter provided a huge challenge for the team during the quarter and ultimately halted the development of the fourth adit. This delay has had a negative impact on ore availability and as a result the Company has revised its guidance slightly downward from what was previously released. Fortunately, the perseverance of the team paid off and they were able to resume development of the fourth adit towards the end of the quarter. They encountered sulphide ore product much earlier than originally expected. We are awaiting the results of additional drilling to be completed in the coming weeks, with early results having been very positive."

Highlights - Three and Six Months Ended June 30, 2021

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Financial:				
Equity gain from Horzum AS	\$ -	\$ -	\$ 32,232	\$ 3,298
Adjusted equity gain (loss) from Horzum AS ⁽¹⁾	\$ 241,313	\$ (26,257)	\$ 234,981	\$ 145,778
Dividend received from investment in Horzum AS	\$ -	\$ -	\$ 32,232	\$ 3,298
Consolidated net loss	\$ (595,616)	\$ (295,958)	\$ (805,262)	\$ (692,406)
Adjusted consolidated net loss ⁽¹⁾	\$ (373,448)	\$ (288,554)	\$ (636,727)	\$ (482,343)
Basic and diluted net loss per share	\$ (0.01)	\$ -	\$ (0.01)	\$ -
Cash used in operating activities	\$ 106,710	\$ 210,568	\$ 341,253	\$ 394,220
Weighted average shares outstanding	144,554,371	144,554,371	144,554,371	144,554,371
	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Horzum AS operational data (100% basis):				
Zinc product mined (wet) tonnes	2,676	2,850	5,256	6,647
Zinc product sold (wet) tonnes	2,287	3,713	4,659	5,645
Zinc oxide product sold grade	34%	30%	32%	30%
Zinc sulphide product sold grade	40%	N/A	40%	N/A
Gross margin ⁽¹⁾	50%	17%	35%	11%
CAD cost per tonne mined ⁽¹⁾	\$ 319	\$ 323	\$ 373	\$ 312
USD cash cost per pound of zinc mined ⁽¹⁾	\$ 0.35	\$ 0.34	\$ 0.43	\$ 0.35

⁽¹⁾ Refer to Note 1

Financial and Operational

- For the three and six months ended June 30, 2021, Pasinex incurred a net loss of approximately \$595,000 and \$805,000, respectively, compared with a net loss of approximately \$295,000 and \$692,000 for the three and six months ended June 30, 2020, respectively. The year over year increases in net loss for both the three and six months ended June 30, 2021, are the result of higher share-based payments and interest expense, which are offset by lower exploration and general and administrative expenses and the recognition of a recovery of the Horzum AS receivable in 2021 versus an impairment in 2020.
- The adjusted consolidated net loss (see non-GAAP measures) was approximately \$466,000 and \$729,000 for the three and six months ended June 30, 2021, compared with an adjusted consolidated net loss of approximately \$289,000 and \$482,000 for the same periods in 2020. The adjusted equity gain (see non-GAAP measures) was approximately \$148,000 and \$142,000 for the three and six months ended June 30, 2021, compared with an adjusted equity loss of approximately \$26,000 for the three months ended June 30, 2020, and an adjusted equity gain of approximately \$146,000 for the six months ended June 30, 2020. These non-GAAP measures reflect the Company's results without recording the impairment charges and foreign currency impact related to the Akmetal receivable.
- The operating income in Horzum AS increased for both the three and six months ended June 30, 2021, when compared with the prior period, primarily as a result of achieving better margins because of realizing substantially higher sales prices. These increases were offset by a slightly higher cost of goods sold per tonne mined in 2021, which includes costs related to the development of the fourth adit, from which no ore product was mined and sold in the first two quarters of 2021. The gross margin (see non-GAAP measures) for the three and six months ended June 30, 2021, increased to 50% and 35%, respectively, from 17% and 11% for the same periods in 2020.
- Horzum AS was able to resume the advancement of the fourth adit late in June, which was sooner than what was previously disclosed. Horzum AS encountered sulphide ore product at 393 metres of the development of the fourth adit, which is approximately 30 metres sooner than it had originally expected. Horzum AS has continued the development of the fourth adit subsequent to the end of the second quarter and has now reached 448 metres in length.
- Zinc sulphide ore product has been encountered in multiple directions. An underground drill has been mobilized and will be drill testing in all directions at expected drill hole lengths of between 100 metres to 200 metres. At the date of this MD&A, they had interested zinc sulphide ore product in all three of the drill holes that had been tested so far. Analysis of these drill results is ongoing.
- In total, Horzum AS completed a total of approximately 4,200 metres of underground and surface diamond core drilling and 800 metres of exploration and development adits during the first two quarters of 2021.
- Subsequent to the quarter end, Pasinex Arama applied to MAPEG, the Turkish Mining Department, to convert its exploration status license at its Akkaya property to operational status and for Horzum AS to convert its pre-exploration status license at the Mahyalar property to exploration status. Pasinex Arama has been informed that the Akkaya license application was approved and is awaiting final receipt of the official license documentation.
- In December 2020, Horzum AS restructured its tax liabilities that were due as of August 31, 2020, as allowed by the Turkish taxation department. Horzum AS is scheduled to make instalments of its various tax debts, with each tax debt under its own schedule of 18 equal instalments. Akmetal has paid on behalf of Horzum AS certain of the instalments due in 2021. The total amount paid to June 30, 2021, is approximately (TRY) 7.1 million Turkish Lira, which is equivalent to approximately \$1.1 million Canadian dollars using the exchange rates on the dates of the payments.
- The Company received \$165,000 during the second quarter of 2021, \$340,000 for the six months ended June 30, 2021, and \$70,000 subsequent to the quarter end from shareholder loans.

Note 1

Please note that all dollar amounts in this news release are expressed in Canadian dollars unless otherwise indicated. Refer also to the first quarter 2020 Management's Discussion and Analysis (MD&A) and Audited Financial Statements found on SEDAR.com for more information. This news release includes non-GAAP measures, including adjusted equity gain from Horzum AS, adjusted consolidated net income, gross margin, cost per tonne mined and US\$ cash cost per pound of zinc mined. A reconciliation of these non-GAAP measures to the GAAP financial statements is included in the MD&A.

About Pasinex

[Pasinex Resources Ltd.](#) is a Toronto-based mining company that owns 50% of the producing Pinargozu high-grade zinc mine and, under a Direct Shipping Program, sells to zinc smelters/refiners from its mine site in Turkey. The Company also holds an option to acquire 80% of the Spur high-grade zinc exploration project in Nevada. Pasinex has a strong technical management team with many years of mineral exploration and mining project development experience. The mission of Pasinex is to build a mid-tier zinc company based on its mining and exploration projects in Turkey and Nevada.

Visit our website at www.pasinex.com.

On Behalf of the Board of Directors
[Pasinex Resources Ltd.](#)

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